



JON M. HUNTSMAN, JR.
Governor

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Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

8/0041/0013
TASK 3073
0002

July 21, 2009

Certified Return Receipt
7005 2570 0000 4801 6867

Kathryn Lichfield
AG Hold, Associates
1370 East Princeton Avenue
Salt Lake City, Utah 84105

Subject: Division Directive, Reclamation Surety Required, AG Hold, Associates, Claim 35
Mine, S/041/0013, Sevier County, Utah.

Response due: 30 Days (by August 24, 2009)

Dear Ms. Lichfield:

During the fall of 2007, Jack Grover performed the final reclamation of the referenced mine site. This was done in lieu of providing the required reclamation surety for the site. It was the intent at that time to retire the permit and close the file. Prior to this being done, Mr. Grover passed away and left the claims and permit to you. As you have expressed over the phone, you would like to keep the permit open in hopes of being able to either find someone (or a company) that would mine the deposit for you, or would purchase the permit and claims.

To keep the Division's permit open you must provide a reclamation surety for the acreage permitted. Otherwise, the Division must close the file. Please note, although the permit may be closed, you could re-apply at a future date by resubmitted a Notice of Intention, remitting the annual permit fee, and providing an appropriate reclamation surety. For the current five-acre permit, the required amount would be \$25,200.00 (for five-year escalation). This amount could be reduced to \$7,600.00 if you amended your notice to include a maximum of one acre of disturbance. (These amounts for surety are determined using average costs for reclaiming small mining operations.) Regardless of the DOGM permit, you must also comply with requirements of the U.S. Forest Service. This will require you to submit a plan of operations to the Forest and receive their approval (the reclamation surety may also need to be adjusted to fully satisfy the Forest Service, once they review your plan of operations). You can contact Terry Krasko at (435) 310-0174 for instructions on how to file a plan of operations with the Forest and the detail required.



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As you are aware, there has been some question regarding the validity of the mineral claims associated with this operation. A validity exam (at your expense) may be required prior to the Forest Service approving your plan. If the validity exam shows that the materials are 'common variety' the Forest would then have discretion to approve your plan and provide the material as a 'sale' or 'lease'.

Please provide the requisite reclamation surety and associated reclamation contract by August 15, 2009. Failure to do so will result in the Division closing your permit. Please contact Penny Berry at bondcoordinator@utah.gov or by phone at (801) 538-5291 for the appropriate bonding forms and reclamation contract.

Thank you for your cooperation in completing this surety requirement. If you have any questions regarding this letter, please contact me at (801) 538-5261 or Lynn Kunzler at (801) 538-5310.

Sincerely,



Paul B. Baker
Minerals Program Manager

PBB:lk:vs

cc: Terry Krasko, USFS (Richfield)
Penny Berry, DOGM
Lynn Kunzler, DOGM

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